

FINANCIAL INFORMATION FORUM

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February 28, 2014

Steven J. Randich
Executive Vice President, Chief Information Officer
FINRA
1735 K St. NW
Washington, DC 20006-1506

Steve Joachim
Executive Vice President, Transparency Services
FINRA
1 Liberty Plaza
165 Broadway
New York, NY 10006

Re: ORF (OTC Reporting Facility) Migration

Dear Mr. Randich and Mr. Joachim,

The Financial Information Forum (FIF)¹ would like to formally request a delay of the ORF migration currently scheduled for June 2, 2014 to September 29, 2014. As described in more detail below, we believe that the scope of changes and the current testing timeframe introduce systemic risk into the OTC equity trade process that could be mitigated with a sufficient development and testing period.

Need for Final Specifications

At this time, the ADDS specification that provides the format for the OTC Equity Trade Journal as well as the FIX specification for connectivity into the ORF and the OATS specification are expected to change in support of the ORF migration. ADDS is labeled DRAFT and FINRA announced during their February 5, 2014 industry call that the FIX and OATS specifications would be updated shortly. FIF requests that final specifications be published for ADDS, OATS and the FIX interface. Firms will require sufficient development time before testing can begin in earnest.

Scope of Changes Significant

The scope of this initiative should not be underestimated. New specifications for BBDS and TDDS were not released until February 10, 2014 and constitute a complete re-write of these feeds

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

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with several unexpected changes to the symbol field length, message headers and market-wide halt messages.

Outside of market data feed modifications, there are also significant changes to the trade reporting specifications themselves. Broker dealers and vendors are currently coding software for trade reporting of OTC equities to conform to FIX specifications and separately, Computer to Computer Interface (CTCI) specifications. These specifications are substantially different from existing trade reporting specifications that have been in place for many years. It is important to recognize that modifications required by the new specifications, including additional time stamps now required as part of trade reporting, will have an impact on some upstream systems. Providing less than four months from the release of final specifications to analyze changes, perform development and conduct testing is insufficient.

In addition to development work, firms are also managing an extensive re-papering process. Given that FINRA has not yet revealed the fees for the new ORF platform nor have they discussed the billing process, firms have not initiated changes to these processes or had the opportunity to determine the impact of the ORF migration from a fee perspective.

Extensive Testing Required

Introducing both market data and trade reporting changes in a hot cut manner with only two months of testing poses serious risks to OTC equity trading. In order to mitigate the risk to the OTC equity markets, FIF recommends the availability of the FINRA testing environment for five months prior to the migration date. During the February 5 industry call, FINRA announced that testing would not be available until early April.² Based on an April availability of a test environment and assuming the release of final specifications by the end of March, FIF recommends postponing the launch date of the new ORF platform to September 29, 2014.

Five months of testing is needed for several reasons including the following:

- Firms cannot complete initial coding without access to a robust test environment.
- It is expected that testing will result in a number of issues that will need to be addressed by market participants including FINRA. Sufficient time is required to resolve these issues and re-test before FINRA's new ORF platform becomes operational.
- For vendors that support OTC Equity trade reporting, internal testing must begin before client testing and rollout. The current two month time frame for testing essentially allows vendors only two weeks to test since six weeks are required to roll-out functionality to clients. By offering five months of testing, vendors can complete rigorous testing and reduce the likelihood of errors in the software that they roll-out. The importance of testing should not be underestimated given the magnitude of the changes.

One of the consistent themes of the Commission's Roundtable on Technology and Trading: Promoting Stability in Today's Markets was the need for better policies and procedures to ensure that adequate time is devoted by market centers and participants to testing before production rollout. We have an opportunity to leverage our experience from recent system

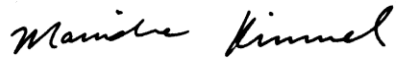
² It is our expectation that testing would be free of charge in a manner consistent with other industry initiatives.

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glitches and implementation delays by incorporating sufficient testing time to identify and resolve problems prior to production.

We urge FINRA to consider our delay request and act quickly to communicate final specifications and new timelines to the industry. Please contact me at 312-953-9228 or kimmel@fif.com if you have any questions.

Regards,



Manisha Kimmel
Executive Director
Financial Information Forum

cc: Richard G. Ketchum, Chairman and Chief Executive Officer
Christopher B. Stone, Vice President, Equity Business Products, Transparency Services
Andrew Kagan, Vice President, Participant Services, Transparency Services

James R. Burns, Deputy Director, Division of Trading and Markets, Securities and Exchange Commission

David S. Shillman, Associate Director, Division of Trading and Markets, Securities and Exchange Commission